

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 DODE-00 PM-03 H-02 L-02

NSC-05 PA-01 PRS-01 SS-15 USIA-06 SAI-01 /086 W

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R 251603Z APR 75

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TO SECSTATE WASHDC 8747

INFO ALL EC CAPITALS 593

AMEMBASSY BERN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: EFIN, EEC SZ

SUBJECT: SWISS ENTRY INTO THE SNAKE--EC FINANCE MINISTERS PUT
OFF A DECISION

REF: A. EC BRUSSELS 3577 B. BERN 1645

C. EC BRUSSELS 3234

1. SUMMARY: THE EC FINANCE MINISTERS' DISCUSSION ON
APRIL 21 INDICATES A DECISION ON SWISS ENTRY INTO THE
SNAKE IS STILL SEVERAL MONTHS OFF. FRANCE WANTS TO DELAY
A DECISION. EVEN THOUGH THE FIVE EC SNAKE MEMBERS TEND
TO FAVOR SWISS ENTRY, THEY ARE NOT WILLING TO TAKE FRANCE
ON AT THIS TIME. END SUMMARY.

2. THE EC FINANCE MINISTERS' LUNCHEON DISCUSSION ON
APRIL 21 OF SWISS ENTRY INTO THE "MINI-SNAKE" INDICATES
THAT INTEREST HAS SLACKENED IN PROMPTLY ACCEPTING
SWISS ASSOCIATION (REF A). THE FRENCH WANT TO
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DELAY A FINANCE COUNCIL DECISION. SWISS OFFICIALS

HERE BELIEVE, HOWEVER, THAT THE GOF FAVORS SWISS ENTRY AT THE RIGHT TIME. PREFERABLY, THIS WOULD BE WHEN THE FRENCH REJOIN THE SNAKE. THE FRENCH WOULD AT LEAST LIKE THE SWISS TO AGREE TO CONDITIONS THAT WOULD FACILITATE FRENCH RE-ENTRY IN THE FUTURE. COMMISSION OFFICIALS HERE CONTINUE TO BELIEVE IT IS PREMATURE FOR FRANCE TO REJOIN. FRANCE MUST FIRST CONSOLIDATE ITS ECONOMIC GAINS AND DEMONSTRATE SUSTAINED FINANCIAL STABILITY. THEY ARE CERTAIN THAT FRANCE HAS NO INTENTION OF REJOINING THE SNAKE BEFORE THE END OF THIS YEAR. FRG PERMDEL OFFICIALS SAY THE FRG DOES NOT FAVOR FRENCH MEMBERSHIP AT THIS TIME.

3. IN MEETING AFTER THE FINANCE COUNCIL, THE FIVE MINI-SNAKE PARTICIPANTS REPORTEDLY AGREED TO FAVOR SWISS ASSOCIATION IF THE APPROPRIATE CONDITIONS CAN BE WORKED OUT. THEY DECIDED TO SEEK A DETAILED DISCUSSION OF SWISS ENTRY AT THE NEXT FINANCE MINISTERS' LUNCH ON MAY 20. IN THE INTERIM THE CENTRAL BANKERS' EXPERT (HAYVAERT) GROUP WILL REVIEW THE CONDITIONS FOR SWISS ENTRY ON APRIL 28. THE EC CENTRAL BANKERS' COMMITTEE WILL ALSO DISCUSS THE ISSUE ON MAY 13. THE MINISTERS WILL RECEIVE REPORTS FROM THESE GROUPS.

4. OFFICIALS HERE SAY THE FRG PLACES PRIORITY ON MAINTAINING CLOSE RELATIONS WITH FRANCE. FOR THIS REASON, EVEN THOUGH IT FAVORS SWISS ASSOCIATION, THE FRG WILL GO ALONG WITH DELAYING A DECISION UNTIL THE FRENCH ARE READY TO ACCEPT SWISS ENTRY. HOWEVER, IN REGARD TO FRENCH ENTRY, THE FRG IS REPORTEDLY NOT PREPARED TO MAKE SPECIAL CONCESSIONS, SUCH AS BROADENING THE SNAKE'S MARGINS OR INCREASING THE AMOUNT OF SHORT-TERM CREDIT.

5. SWISS OFFICIALS HERE SAY THE GOS PLANS TO BIDE ITS TIME. THEY CONTINUE TO POINT TO THE JUNE 8 SWISS REFERENDUM AS A FACTOR IN THE TIMING OF A GOS DECISION TO JOIN THE SNAKE. SHOULD THE PUBLIC SUP-

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PORT THE GOS'S EMERGENCY MEASURES TO RESTRICT CAPITAL MOVEMENTS, THEY BELIEVE THAT THE GOS WOULD BE IN A BETTER POSITION TO MEET THE REQUIRED CONDITIONS TO ENTER THE SNAKE. GREENWALD

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